

Senate Study Bill 1292

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by limiting cities' and
2 counties' authority to reduce funding for essential services,
3 modifying property assessment guidelines, creating a property
4 assessment appeal board to hear appeals of the actions of
5 local boards of review, tying together the assessment
6 limitations of certain classes of property, and including a
7 retroactive applicability date provision.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 3452XC 81
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1 1 Section 1. NEW SECTION. 331.437A ESSENTIAL SERVICES ==
1 2 FUNDING.
1 3 1. If a county's property tax capacity is reduced or the
1 4 amount of revenue to be received by a county from sources
1 5 other than property taxes is reduced, a county is prohibited
1 6 from reducing funding for essential services provided by the
1 7 county from the level such services were funded in the
1 8 previous year without first reducing funding for services that
1 9 are not essential services.
1 10 2. If funding for essential services is reduced under the
1 11 circumstances described in subsection 1, the budget summary
1 12 required to be published by the county pursuant to section
1 13 331.434 shall include a listing of the essential services, by
1 14 service area and item, for which funding was reduced from the
1 15 previous year, the previous year's funding for such service
1 16 area and item, and the proposed funding for such service area
1 17 and item. The listing shall be prefaced by the following
1 18 statement:
1 19 "State law requires that when the revenue capacity of a
1 20 county is reduced, funding for nonessential services shall be
1 21 reduced before reductions are made in funding of essential
1 22 services. Following is the list of essential services for
1 23 which funding is reduced in this proposed budget."
1 24 3. For purposes of this section, "essential services"
1 25 means law enforcement, fire protection service, emergency
1 26 medical services, street lights, water, sewage and sewage
1 27 disposal, garbage pickup and garbage disposal, landfills,
1 28 roads and road maintenance, streets and street maintenance,
1 29 bridges and bridge maintenance, sidewalks and sidewalk
1 30 maintenance, snow removal, and local emergency management to
1 31 the extent such essential services are mandated by statute or
1 32 have been provided at the discretion of the county board of
1 33 supervisors.
1 34 Sec. 2. NEW SECTION. 384.20A ESSENTIAL SERVICES ==
1 35 FUNDING.
2 1 1. If a city's property tax capacity is reduced or the
2 2 amount of revenue to be received by a city from sources other
2 3 than property taxes is reduced, a city is prohibited from
2 4 reducing funding for essential services provided by the city
2 5 from the level such services were funded in the previous year
2 6 without first reducing funding for services that are not
2 7 essential services.
2 8 2. If funding for essential services is reduced under the
2 9 circumstances described in subsection 1, the budget summary
2 10 required to be published by the city pursuant to section
2 11 384.16 shall include a listing of the essential services, by

2 12 service area and item, for which funding was reduced from the
2 13 previous year, the previous year's funding for such service
2 14 area and item, and the proposed funding for such service area
2 15 and item. The listing shall be prefaced by the following
2 16 statement:

2 17 "State law requires that when the revenue capacity of a
2 18 city is reduced, funding for nonessential services shall be
2 19 reduced before reductions are made in funding of essential
2 20 services. Following is the list of essential services for
2 21 which funding is reduced in this proposed budget."

2 22 3. For purposes of this section, "essential services"
2 23 means law enforcement, fire protection service, emergency
2 24 medical services, street lights, water, sewage and sewage
2 25 disposal, garbage pickup and garbage disposal, landfills,
2 26 roads and road maintenance, streets and street maintenance,
2 27 bridges and bridge maintenance, sidewalks and sidewalk
2 28 maintenance, snow removal, and local emergency management to
2 29 the extent such essential services are mandated by statute or
2 30 have been provided at the discretion of the city council.

2 31 Sec. 3. NEW SECTION. 421.1A PROPERTY ASSESSMENT APPEAL
2 32 BOARD.

2 33 1. A statewide property assessment appeal board is created
2 34 for the purpose of establishing a consistent, fair, and
2 35 equitable property assessment appeal process. The statewide
3 1 property assessment appeal board is established within the
3 2 department of revenue for administrative and budgetary
3 3 purposes. The board's principal office shall be in the office
3 4 of the department of revenue in the capital of the state.

3 5 2. a. The property assessment appeal board shall consist
3 6 of three members appointed to staggered six-year terms,
3 7 beginning and ending as provided in section 69.19, by the
3 8 governor and subject to confirmation by the senate. Subject
3 9 to confirmation by the senate, the governor shall appoint from
3 10 the members a chairperson of the board to a two-year term.
3 11 Vacancies on the board shall be filled for the unexpired
3 12 portion of the term in the same manner as regular appointments
3 13 are made. The term of office for the initial board shall
3 14 begin January 1, 2007.

3 15 b. Each member of the property assessment appeal board
3 16 shall be qualified by virtue of at least two years' experience
3 17 in the area of government, corporate, or private practice
3 18 relating to property appraisal and property tax
3 19 administration. One member of the board shall be a certified
3 20 real estate appraiser or hold a professional appraisal
3 21 designation, one member shall be an attorney practicing in the
3 22 area of state and local taxation or property tax appraisals,
3 23 and one member shall be a professional with experience in the
3 24 field of accounting or finance and with experience in state
3 25 and local taxation matters. No more than two members of the
3 26 board may be from the same political party as that term is
3 27 defined in section 43.2.

3 28 c. The property assessment appeal board shall organize by
3 29 appointing an executive secretary who shall take the same oath
3 30 of office as the members of the board. The board shall set
3 31 the salary of the executive secretary within the limits of the
3 32 pay plan for exempt positions provided for in section 8A.413,
3 33 subsection 2. The board may employ additional personnel as it
3 34 finds necessary.

3 35 3. At the election of a property owner or aggrieved
4 1 taxpayer or an appellant described in section 441.42, the
4 2 property assessment appeal board shall review any final
4 3 decision, finding, ruling, determination, or order of a local
4 4 board of review relating to protests of an assessment,
4 5 valuation, or application of an equalization order.

4 6 4. The property assessment appeal board may do all of the
4 7 following:

4 8 a. Affirm, reverse, or modify a final decision, finding,
4 9 ruling, determination, or order of a local board of review.

4 10 b. Order the payment or refund of property taxes in a
4 11 matter over which the board has jurisdiction.

4 12 c. Grant other relief or issue writs, orders, or
4 13 directives that the board deems necessary or appropriate in
4 14 the process of disposing of a matter over which the board has
4 15 jurisdiction.

4 16 d. Subpoena documents and witnesses and administer oaths.

4 17 e. Adopt administrative rules pursuant to chapter 17A for
4 18 the administration and implementation of its powers, including
4 19 rules for practice and procedure for protests filed with the
4 20 board, the manner in which hearings on appeals of assessments
4 21 shall be conducted, filing fees to be imposed by the board,
4 22 and for the determination of the correct assessment of

4 23 property which is the subject of an appeal.

4 24 f. Adopt administrative rules pursuant to chapter 17A
4 25 necessary for the preservation of order and the regulation of
4 26 proceedings before the board, including forms or notice and
4 27 the service thereof, which rules shall conform as nearly as
4 28 possible to those in use in the courts of this state.

4 29 5. The property assessment appeal board shall employ a
4 30 competent attorney to serve as its general counsel, and
4 31 assistants to the general counsel as it finds necessary for
4 32 the full and efficient discharge of its duties,
4 33 notwithstanding section 13.7. The general counsel is the
4 34 attorney for, and legal advisor of, the board. The general
4 35 counsel or an assistant to the general counsel shall provide
5 1 the necessary legal advice to the board in all matters and
5 2 shall represent the board in all actions instituted in a court
5 3 challenging the validity of a rule or order of the board. The
5 4 general counsel shall devote full time to the duties of the
5 5 office. During employment as general counsel to the board,
5 6 the counsel shall not be a member of a political committee,
5 7 contribute to a political campaign, participate in a political
5 8 campaign, or be a candidate for partisan political office.

5 9 6. The members of the property assessment appeal board
5 10 shall receive a salary commensurate with the salary of a
5 11 district judge. The members of the board, any administrative
5 12 law judges, and any employees of the board, when required to
5 13 travel in the discharge of official duties, shall be paid
5 14 their actual and necessary expenses incurred in the
5 15 performance of duties.

5 16 Sec. 4. Section 428.4, unnumbered paragraph 1, Code 2005,
5 17 is amended to read as follows:

5 18 Property shall be assessed for taxation each year. Real
5 19 estate shall be listed and assessed in 1981 and every two
5 20 years thereafter. The assessment of real estate shall be the
5 21 value of the real estate as of January 1 of the year of the
5 22 assessment. The year 1981 and each odd-numbered year
5 23 thereafter shall be a reassessment year. In any year, after
5 24 the year in which an assessment has been made of all the real
5 25 estate in an assessing jurisdiction, the assessor shall value
5 26 and assess or revalue and reassess, as the case may require,
5 27 any real estate that the assessor finds was incorrectly valued
5 28 or assessed, or was not listed, valued, and assessed, in the
5 29 assessment year immediately preceding, also any real estate
5 30 the assessor finds has changed in value subsequent to January
5 31 1 of the preceding real estate assessment year. However, a
5 32 percentage increase on a class of property shall not be made
5 33 in a year not subject to an equalization order unless ordered
5 34 by the department of revenue. The assessor shall determine
5 35 the actual value and compute the taxable value thereof as of
6 1 January 1 of the year of the revaluation and reassessment.
6 2 The assessment shall be completed as specified in section
6 3 441.28, but no reduction or increase in actual value shall be
6 4 made for prior years. If an assessor makes a change in the
6 5 valuation of the real estate as provided for, sections 441.23,
6 6 441.37, 441.37A, 441.38 and 441.39 apply.

6 7 Sec. 5. Section 441.19, subsection 4, Code 2005, is
6 8 amended to read as follows:

6 9 4. The supplemental returns ~~herein~~ provided for in this
6 10 section shall be preserved in the same manner as assessment
6 11 rolls, but shall be confidential to the assessor, board of
6 12 review, property assessment appeal board, or director of
6 13 revenue, and shall not be open to public inspection, but any
6 14 final assessment roll as made out by the assessor shall be a
6 15 public record, provided that such supplemental return shall be
6 16 available to counsel of either the person making the return or
6 17 of the public, in case any appeal is taken to the board of
6 18 review, to the property assessment appeal board, or to the
6 19 court.

6 20 Sec. 6. Section 441.21, subsection 1, Code 2005, is
6 21 amended by adding the following new paragraph:

6 22 NEW PARAGRAPH. h. The assessor shall determine the value
6 23 of real property in accordance with rules adopted by the
6 24 department of revenue and in accordance with forms and
6 25 guidelines contained in the real property appraisal manual
6 26 prepared by the department as updated from time to time. Such
6 27 rules, forms, and guidelines shall not be inconsistent with or
6 28 change the means, as provided in this section, of determining
6 29 the actual, market, taxable, and assessed values. If the
6 30 director of revenue determines that an assessor has willfully
6 31 disregarded the rules of the department relating to valuation
6 32 of property or has willfully disregarded the forms and
6 33 guidelines contained in the real property appraisal manual,

6 34 the department shall take steps to withhold the reimbursement
6 35 payment authorized in section 425.1 to the county or city, as
7 1 applicable, until the director of revenue determines that the
7 2 assessor is in compliance. The department shall adopt rules
7 3 relating to application of this paragraph.

7 4 Sec. 7. Section 441.21, subsection 2, Code 2005, is
7 5 amended to read as follows:

7 6 2. In the event market value of the property being
7 7 assessed cannot be readily established in the foregoing
7 8 manner, then the assessor may determine the value of the
7 9 property using the other uniform and recognized appraisal
7 10 methods including its productive and earning capacity, if any,
7 11 industrial conditions, its cost, physical and functional
7 12 depreciation and obsolescence and replacement cost, and all
7 13 other factors which would assist in determining the fair and
7 14 reasonable market value of the property but the actual value
7 15 shall not be determined by use of only one such factor. The
7 16 following shall not be taken into consideration: Special
7 17 value or use value of the property to its present owner, and
7 18 the good will or value of a business which uses the property
7 19 as distinguished from the value of the property as property.
7 20 However, in assessing property that is rented or leased to
7 21 low-income individuals and families as authorized by section
7 22 42 of the Internal Revenue Code, as amended, and which section
7 23 limits the amount that the individual or family pays for the
7 24 rental or lease of units in the property, the assessor shall
7 25 use the productive and earning capacity from the actual rents
7 26 received as a method of appraisal and shall take into account
7 27 the extent to which that use and limitation reduces the market
7 28 value of the property. The assessor shall not consider any
7 29 tax credit equity or other subsidized financing as income
7 30 provided to the property in determining the assessed value.
7 31 The property owner shall notify the assessor when property is
7 32 withdrawn from section 42 eligibility under the Internal
7 33 Revenue Code. The property shall not be subject to section 42
7 34 assessment procedures for the assessment year for which
7 35 section 42 eligibility is withdrawn. This notification must
8 1 be provided to the assessor no later than March 1 of the
8 2 assessment year or the owner will be subject to a penalty of
8 3 five hundred dollars for that assessment year. The penalty
8 4 shall be collected at the same time and in the same manner as
8 5 regular property taxes. Upon adoption of uniform rules by the
8 6 ~~revenue department of revenue~~ or succeeding authority covering
8 7 assessments and valuations of such properties, ~~said the~~
8 8 valuation on such properties shall be determined in accordance
8 9 ~~therewith with such rules and in accordance with forms and~~
8 10 ~~guidelines contained in the real property appraisal manual~~
8 11 ~~prepared by the department as updated from time to time for~~
8 12 ~~assessment purposes to assure uniformity, but such rules,~~
8 13 ~~forms, and guidelines~~ shall not be inconsistent with or change
8 14 the foregoing means of determining the actual, market, taxable
8 15 and assessed values.

8 16 Sec. 8. Section 441.21, subsections 4 and 5, Code 2005,
8 17 are amended to read as follows:

8 18 4. For valuations established as of January 1, 1979, the
8 19 percentage of actual value at which agricultural and
8 20 residential property shall be assessed shall be the quotient
8 21 of the dividend and divisor as defined in this section. The
8 22 dividend for each class of property shall be the dividend as
8 23 determined for each class of property for valuations
8 24 established as of January 1, 1978, adjusted by the product
8 25 obtained by multiplying the percentage determined for that
8 26 year by the amount of any additions or deletions to actual
8 27 value, excluding those resulting from the revaluation of
8 28 existing properties, as reported by the assessors on the
8 29 abstracts of assessment for 1978, plus six percent of the
8 30 amount so determined. ~~However, if the difference between the~~
~~8 31 dividend so determined for either class of property and the~~
~~8 32 dividend for that class of property for valuations established~~
~~8 33 as of January 1, 1978, adjusted by the product obtained by~~
~~8 34 multiplying the percentage determined for that year by the~~
~~8 35 amount of any additions or deletions to actual value,~~
9 1 ~~excluding those resulting from the revaluation of existing~~
9 2 ~~properties, as reported by the assessors on the abstracts of~~
9 3 ~~assessment for 1978, is less than six percent, the 1979~~
9 4 ~~dividend for the other class of property shall be the dividend~~
9 5 ~~as determined for that class of property for valuations~~
9 6 ~~established as of January 1, 1978, adjusted by the product~~
9 7 ~~obtained by multiplying the percentage determined for that~~
9 8 ~~year by the amount of any additions or deletions to actual~~
9 9 ~~value, excluding those resulting from the revaluation of~~

~~9 10 existing properties, as reported by the assessors on the~~
~~9 11 abstracts of assessment for 1978, plus a percentage of the~~
~~9 12 amount so determined which is equal to the percentage by which~~
~~9 13 the dividend as determined for the other class of property for~~
~~9 14 valuations established as of January 1, 1978, adjusted by the~~
~~9 15 product obtained by multiplying the percentage determined for~~
~~9 16 that year by the amount of any additions or deletions to~~
~~9 17 actual value, excluding those resulting from the revaluation~~
~~9 18 of existing properties, as reported by the assessors on the~~
~~9 19 abstracts of assessment for 1978, is increased in arriving at~~
~~9 20 the 1979 dividend for the other class of property. The~~
9 21 divisor for each class of property shall be the total actual
9 22 value of all such property in the state in the preceding year,
9 23 as reported by the assessors on the abstracts of assessment
9 24 submitted for 1978, plus the amount of value added to said
9 25 total actual value by the revaluation of existing properties
9 26 in 1979 as equalized by the director of revenue pursuant to
9 27 section 441.49. The director shall utilize information
9 28 reported on abstracts of assessment submitted pursuant to
9 29 section 441.45 in determining such percentage. For valuations
9 30 established as of January 1, 1980, and each year thereafter,
9 31 the percentage of actual value as equalized by the director of
9 32 revenue as provided in section 441.49 at which agricultural
9 33 and residential property shall be assessed shall be calculated
9 34 in accordance with the methods provided herein including the
~~9 35 limitation of increases in agricultural and residential~~
~~10 1 assessed values to the percentage increase of the other class~~
~~10 2 of property if the other class increases less than the~~
~~10 3 allowable limit adjusted to include the applicable and current~~
~~10 4 values as equalized by the director of revenue in this~~
10 5 subsection, except that any references to six percent in this
10 6 subsection shall be four percent. For valuations established
10 7 as of January 1, 2005, and each year thereafter, the
10 8 percentage of actual value as equalized by the director of
10 9 revenue as provided in section 441.49 at which agricultural
10 10 and residential property shall be assessed shall be calculated
10 11 in accordance with the methods provided in this subsection and
10 12 subsection 5A, except that any references to six percent in
10 13 this subsection shall be four percent.

10 14 5. For valuations established as of January 1, 1979,
10 15 commercial property and industrial property, excluding
10 16 properties referred to in section 427A.1, subsection 7, shall
10 17 be assessed as a percentage of the actual value of each class
10 18 of property. The percentage shall be determined for each
10 19 class of property by the director of revenue for the state in
10 20 accordance with the provisions of this section. For
10 21 valuations established as of January 1, 1979, the percentage
10 22 shall be the quotient of the dividend and divisor as defined
10 23 in this section. The dividend for each class of property
10 24 shall be the total actual valuation for each class of property
10 25 established for 1978, plus six percent of the amount so
10 26 determined. The divisor for each class of property shall be
10 27 the valuation for each class of property established for 1978,
10 28 as reported by the assessors on the abstracts of assessment
10 29 for 1978, plus the amount of value added to the total actual
10 30 value by the revaluation of existing properties in 1979 as
10 31 equalized by the director of revenue pursuant to section
10 32 441.49. For valuations established as of January 1, 1979,
10 33 property valued by the department of revenue pursuant to
10 34 chapters 428, 433, 437, and 438 shall be considered as one
10 35 class of property and shall be assessed as a percentage of its
11 1 actual value. The percentage shall be determined by the
11 2 director of revenue in accordance with the provisions of this
11 3 section. For valuations established as of January 1, 1979,
11 4 the percentage shall be the quotient of the dividend and
11 5 divisor as defined in this section. The dividend shall be the
11 6 total actual valuation established for 1978 by the department
11 7 of revenue, plus ten percent of the amount so determined. The
11 8 divisor for property valued by the department of revenue
11 9 pursuant to chapters 428, 433, 437, and 438 shall be the
11 10 valuation established for 1978, plus the amount of value added
11 11 to the total actual value by the revaluation of the property
11 12 by the department of revenue as of January 1, 1979. For
11 13 valuations established as of January 1, 1980, commercial
11 14 property and industrial property, excluding properties
11 15 referred to in section 427A.1, subsection 7, shall be assessed
11 16 at a percentage of the actual value of each class of property.
11 17 The percentage shall be determined for each class of property
11 18 by the director of revenue for the state in accordance with
11 19 the provisions of this section. For valuations established as
11 20 of January 1, 1980, the percentage shall be the quotient of

11 21 the dividend and divisor as defined in this section. The
11 22 dividend for each class of property shall be the dividend as
11 23 determined for each class of property for valuations
11 24 established as of January 1, 1979, adjusted by the product
11 25 obtained by multiplying the percentage determined for that
11 26 year by the amount of any additions or deletions to actual
11 27 value, excluding those resulting from the revaluation of
11 28 existing properties, as reported by the assessors on the
11 29 abstracts of assessment for 1979, plus four percent of the
11 30 amount so determined. The divisor for each class of property
11 31 shall be the total actual value of all such property in 1979,
11 32 as equalized by the director of revenue pursuant to section
11 33 441.49, plus the amount of value added to the total actual
11 34 value by the revaluation of existing properties in 1980. The
11 35 director shall utilize information reported on the abstracts
12 1 of assessment submitted pursuant to section 441.45 in
12 2 determining such percentage. For valuations established as of
12 3 January 1, 1980, property valued by the department of revenue
12 4 pursuant to chapters 428, 433, 437, and 438 shall be assessed
12 5 at a percentage of its actual value. The percentage shall be
12 6 determined by the director of revenue in accordance with the
12 7 provisions of this section. For valuations established as of
12 8 January 1, 1980, the percentage shall be the quotient of the
12 9 dividend and divisor as defined in this section. The dividend
12 10 shall be the total actual valuation established for 1979 by
12 11 the department of revenue, plus eight percent of the amount so
12 12 determined. The divisor for property valued by the department
12 13 of revenue pursuant to chapters 428, 433, 437, and 438 shall
12 14 be the valuation established for 1979, plus the amount of
12 15 value added to the total actual value by the revaluation of
12 16 the property by the department of revenue as of January 1,
12 17 1980. For valuations established as of January 1, 1981, and
12 18 each year thereafter, the percentage of actual value as
12 19 equalized by the director of revenue as provided in section
12 20 441.49 at which commercial property and industrial property,
12 21 excluding properties referred to in section 427A.1, subsection
12 22 7, shall be assessed shall be calculated in accordance with
12 23 the methods provided herein in this subsection, except that
12 24 any references to six percent in this subsection shall be four
12 25 percent. For valuations established as of January 1, 1981,
12 26 and each year thereafter, the percentage of actual value at
12 27 which property valued by the department of revenue pursuant to
12 28 chapters 428, 433, 437, and 438 shall be assessed shall be
12 29 calculated in accordance with the methods provided herein,
12 30 except that any references to ten percent in this subsection
12 31 shall be eight percent. Beginning with valuations established
12 32 as of January 1, 1979, and each year thereafter, property
12 33 valued by the department of revenue pursuant to chapter 434
12 34 shall also be assessed at a percentage of its actual value
12 35 which percentage shall be equal to the percentage determined
13 1 by the director of revenue for commercial property, industrial
13 2 property, or property valued by the department of revenue
13 3 pursuant to chapters 428, 433, 437, and 438, whichever is
13 4 lowest. For valuations established as of January 1, 2005, and
13 5 each year thereafter, the percentage of actual value as
13 6 equalized by the director of revenue as provided in section
13 7 441.49 at which commercial and industrial property shall be
13 8 assessed shall be calculated in accordance with the methods
13 9 provided in this subsection and subsection 5A, except that any
13 10 references to six percent in this subsection shall be four
13 11 percent.

13 12 Sec. 9. Section 441.21, Code 2005, is amended by adding
13 13 the following new subsection:

13 14 NEW SUBSECTION. 5A. Notwithstanding the limitation of
13 15 increases in subsection 4 and the limitation of increases for
13 16 commercial and industrial property in subsection 5, for
13 17 valuations established as of January 1, 2005, and each year
13 18 thereafter, for residential, agricultural, commercial, and
13 19 industrial property, the assessed values of these four classes
13 20 of property shall be limited to the percentage increase of
13 21 that class of property that is the lowest percentage increase
13 22 under the allowable limit adjusted to include the applicable
13 23 and current values as equalized by the director of revenue.

13 24 Sec. 10. Section 441.28, Code 2005, is amended to read as
13 25 follows:

13 26 441.28 ASSESSMENT ROLLS == CHANGE == NOTICE TO TAXPAYER.

13 27 The assessment shall be completed not later than April 15
13 28 each year. If the assessor makes any change in an assessment
13 29 after it has been entered on the assessor's rolls, the
13 30 assessor shall note on ~~said~~ the roll, together with the
13 31 original assessment, the new assessment and the reason for the

13 32 change, together with the assessor's signature and the date of
13 33 the change. Provided, however, in the event the assessor
13 34 increases any assessment the assessor shall give notice in
13 35 writing thereof to the taxpayer by mail prior to the meeting
14 1 of the board of review. No changes shall be made on the
14 2 assessment rolls after April 15 except by order of the board
14 3 of review or of the property assessment appeal board, or by
14 4 decree of court.

14 5 Sec. 11. Section 441.35, unnumbered paragraph 2, Code
14 6 2005, is amended to read as follows:

14 7 In any year after the year in which an assessment has been
14 8 made of all of the real estate in any taxing district, ~~it~~
~~14 9 shall be the duty of the board of review to shall~~ meet as
14 10 provided in section 441.33, and where ~~it the board~~ finds the
14 11 same has changed in value, ~~to the board shall~~ revalue and
14 12 reassess any part or all of the real estate contained in such
14 13 taxing district, and in such case, ~~it the board~~ shall
14 14 determine the actual value as of January 1 of the year of the
14 15 revaluation and reassessment and compute the taxable value
14 16 thereof, ~~and any~~. Any aggrieved taxpayer may petition for a
14 17 revaluation of the taxpayer's property, but no reduction or
14 18 increase shall be made for prior years. If the assessment of
14 19 any such property is raised, or any property is added to the
14 20 tax list by the board, the clerk shall give notice in the
14 21 manner provided in section 441.36, ~~provided, however, that,~~
~~14 22 However,~~ if the assessment of all property in any taxing
14 23 district is raised, the board may instruct the clerk to give
14 24 immediate notice by one publication in one of the official
14 25 newspapers located in the taxing district, and such published
14 26 notice shall take the place of the mailed notice provided for
14 27 in section 441.36, but all other provisions of ~~said that~~
14 28 section shall apply. The decision of the board as to the
14 29 foregoing matters shall be subject to appeal to the property
~~14 30 assessment appeal board within the same time and in the same~~
~~14 31 manner as provided in section 441.37A and to the district~~
14 32 court within the same time and in the same manner as provided
14 33 in section 441.38.

14 34 Sec. 12. NEW SECTION. 441.37A APPEAL OF PROTEST TO
14 35 PROPERTY ASSESSMENT APPEAL BOARD.

15 1 1. For the assessment year beginning January 1, 2007, and
15 2 all subsequent assessment years, appeals may be taken from the
15 3 action of the board of review with reference to protests of
15 4 assessment, valuation, or application of an equalization order
15 5 to the property assessment appeal board created in section
15 6 421.1A. However, a property owner or aggrieved taxpayer or an
15 7 appellant described in section 441.42 may bypass the property
15 8 assessment appeal board and appeal the decision of the local
15 9 board of review to the district court pursuant to section
15 10 441.38. For an appeal to the property assessment appeal board
15 11 to be valid, written notice must be filed by the party
15 12 appealing the decision with the executive secretary of the
15 13 property assessment appeal board within twenty days after the
15 14 date the board of review's letter of disposition of the appeal
15 15 is postmarked to the party making the protest. The written
15 16 notice of appeal shall include a petition setting forth the
15 17 basis of the appeal and the relief sought. No new grounds in
15 18 addition to those set out in the protest to the local board of
15 19 review as provided in section 441.37 can be pleaded, but
15 20 additional evidence to sustain those grounds may be
15 21 introduced. The assessor shall not have the same right to
15 22 appeal to the assessment appeal board as an individual
15 23 taxpayer, public body, or other public officer as provided in
15 24 section 441.42.

15 25 Filing of the written notice of appeal and petition with
15 26 the executive secretary of the property assessment appeal
15 27 board shall preserve all rights of appeal of the appellant,
15 28 except as otherwise provided in subsection 2. A copy of the
15 29 appellant's written notice of appeal and petition shall be
15 30 mailed by the executive secretary of the property assessment
15 31 appeal board to the local board of review whose decision is
15 32 being appealed. In all cases where a change in assessed
15 33 valuation of one hundred thousand dollars or more is
15 34 petitioned for, the local board of review shall mail a copy of
15 35 the written notice of appeal and petition to all affected
16 1 taxing districts as shown on the last available tax list.

16 2 2. A party to the appeal may request a hearing or the
16 3 appeal may proceed without a hearing. If a hearing is
16 4 requested, the appellant and the local board of review from
16 5 which the appeal is taken shall be given at least thirty days'
16 6 written notice by the property assessment appeal board of the
16 7 date the appeal shall be heard and the local board of review

16 8 may be present and participate at such hearing. Notice to all
16 9 affected taxing districts shall be deemed to have been given
16 10 when written notice is provided to the local board of review.
16 11 Failure by the appellant to appear at the property assessment
16 12 appeal board hearing shall be grounds for dismissal of the
16 13 appeal unless a continuance is granted to the appellant. If
16 14 an appeal is dismissed for failure to appear, the property
16 15 assessment appeal board shall have no jurisdiction to consider
16 16 any subsequent appeal on the appellant's protest.

16 17 An appeal may be considered by less than a majority of the
16 18 members of the board, and the chairperson of the board may
16 19 assign members to consider appeals. Appeals to the property
16 20 assessment appeal board may also be considered by an
16 21 administrative law judge assigned by the division of
16 22 administrative hearings of the department of inspections and
16 23 appeals in accordance with section 10A.801. If a hearing is
16 24 requested, it shall be open to the public and shall be
16 25 conducted in accordance with the rules of practice and
16 26 procedure adopted by the board. However, any deliberation of
16 27 the officer considering the appeal in reaching a decision on
16 28 any appeal shall be confidential. The property assessment
16 29 appeal board, or any member of the board, or an administrative
16 30 law judge may require the production of any books, records,
16 31 papers, or documents as evidence in any matter pending before
16 32 the board that may be material, relevant, or necessary for the
16 33 making of a just decision. Any books, records, papers, or
16 34 documents produced as evidence shall become part of the record
16 35 of the appeal. Any testimony given relating to the appeal
17 1 shall be transcribed and made a part of the record of the
17 2 appeal.

17 3 3. a. The officer considering the appeal shall determine
17 4 anew all questions arising before the local board of review
17 5 which relate to the liability of the property to assessment or
17 6 the amount thereof. All of the evidence shall be considered
17 7 and there shall be no presumption as to the correctness of the
17 8 valuation of assessment appealed from. The property
17 9 assessment appeal board shall make a decision in each appeal
17 10 filed with the board. If the appeal is considered by less
17 11 than a majority of the board or by an administrative law
17 12 judge, the determination made by that person shall be
17 13 forwarded to the full board for approval, rejection, or
17 14 modification. If the initial determination is rejected by the
17 15 board, it shall be returned for reconsideration to the board
17 16 member or administrative law judge making the initial
17 17 determination. Any deliberation of the board regarding an
17 18 initial determination shall be confidential.

17 19 b. The decision of the board shall be considered the final
17 20 agency action for purposes of further appeal, except as
17 21 otherwise provided in section 441.49. The decision shall be
17 22 final unless appealed to district court as provided in section
17 23 441.38. The levy of taxes on any assessment appealed to the
17 24 board shall not be delayed by any proceeding before the board,
17 25 and if the assessment appealed from is reduced by the decision
17 26 of the board, any taxes levied upon that portion of the
17 27 assessment reduced shall be abated or, if already paid, shall
17 28 be refunded. If the subject of an appeal is the application
17 29 of an equalization order, the property assessment appeal board
17 30 shall not order a reduction in assessment greater than the
17 31 amount that the assessment was increased due to application of
17 32 the equalization order. Each party to the appeal shall be
17 33 responsible for the costs of the appeal incurred by that
17 34 party.

17 35 Sec. 13. Section 441.38, Code 2005, is amended to read as
18 1 follows:

18 2 441.38 APPEAL TO DISTRICT COURT.

18 3 1. Appeals may be taken from the action of the local board
18 4 of review with reference to protests of assessment, to the
18 5 district court of the county in which the board holds its
18 6 sessions within twenty days after its adjournment or May 31,
18 7 whichever date is later. Appeals may be taken from the action
18 8 of the property assessment appeal board to the district court
18 9 of the county where the property which is the subject of the
18 10 appeal is located within twenty days after the letter of
18 11 disposition of the appeal by the property assessment appeal
18 12 board is postmarked to the appellant. No new grounds in
18 13 addition to those set out in the protest to the local board of
18 14 review as provided in section 441.37, or in addition to those
18 15 set out in the appeal to the property assessment appeal board,
18 16 if applicable, can be pleaded, but additional evidence to
18 17 sustain those grounds may be introduced. The assessor shall
18 18 have the same right to appeal and in the same manner as an

18 19 individual taxpayer, public body or other public officer as
18 20 provided in section 441.42. Appeals shall be taken by filing
18 21 a written notice of appeal with the clerk of district court.
18 22 Filing of the written notice of appeal shall preserve all
18 23 rights of appeal of the appellant.

18 24 2. Notice of appeal shall be served as an original notice
18 25 on the chairperson, presiding officer, or clerk of the board
18 26 of review, and on the executive secretary of the property
18 27 assessment appeal board, if applicable, after the filing of
18 28 notice under subsection 1 with the clerk of district court.

18 29 Sec. 14. Section 441.39, Code 2005, is amended to read as
18 30 follows:

18 31 441.39 TRIAL ON APPEAL.

18 32 ~~The~~ If the appeal is from a decision of the local board of
18 33 review, the court shall hear the appeal in equity and

18 34 determine anew all questions arising before the board which
18 35 relate to the liability of the property to assessment or the
19 1 amount thereof. The court shall consider all of the evidence
19 2 and there shall be no presumption as to the correctness of the
19 3 valuation of assessment appealed from. If the appeal is from
19 4 a decision of the property assessment appeal board, the

19 5 court's review shall be limited to the correction of errors at
19 6 law. Its decision shall be certified by the clerk of the
19 7 court to the county auditor, and the assessor, who shall

19 8 correct the assessment books accordingly.

19 9 Sec. 15. Section 441.43, Code 2005, is amended to read as
19 10 follows:

19 11 441.43 POWER OF COURT.

19 12 Upon trial of any appeal from the action of the board of
19 13 review or of the property assessment appeal board fixing the
19 14 amount of assessment upon any property concerning which
19 15 complaint is made, the court may increase, decrease, or affirm
19 16 the amount of the assessment appealed from.

19 17 Sec. 16. Section 441.49, unnumbered paragraph 5, Code
19 18 2005, is amended to read as follows:

19 19 The local board of review shall reconvene in special
19 20 session from October 15 to November 15 for the purpose of
19 21 hearing the protests of affected property owners or taxpayers
19 22 within the jurisdiction of the board whose valuation of
19 23 property if adjusted pursuant to the equalization order issued
19 24 by the director of revenue will result in a greater value than
19 25 permitted under section 441.21. The board of review shall
19 26 accept protests only during the first ten days following the
19 27 date the local board of review reconvenes. The board of
19 28 review shall limit its review to only the timely filed
19 29 protests. The board of review may adjust all or a part of the
19 30 percentage increase ordered by the director of revenue by
19 31 adjusting the actual value of the property under protest to
19 32 one hundred percent of actual value. Any adjustment so
19 33 determined by the board of review shall not exceed the
19 34 percentage increase provided for in the director's

19 35 equalization order. The determination of the board of review
20 1 on filed protests is final, subject to appeal to the property

20 2 assessment appeal board. A final decision by the local board
20 3 of review, or the property assessment appeal board, if the

20 4 local board's decision is appealed, is subject to review by
20 5 the director of revenue for the purpose of determining whether
20 6 the board's actions substantially altered the equalization
20 7 order. In making the review, the director has all the powers
20 8 provided in chapter 421, and in exercising the powers the
20 9 director is not subject to chapter 17A. Not later than
20 10 fifteen days following the adjournment of the board, the board
20 11 of review shall submit to the director of revenue, on forms
20 12 prescribed by the director, a report of all actions taken by
20 13 the board of review during this session.

20 14 Sec. 17. Section 445.60, Code 2005, is amended to read as
20 15 follows:

20 16 445.60 REFUNDING ERRONEOUS TAX.

20 17 The board of supervisors shall direct the county treasurer
20 18 to refund to the taxpayer any tax or portion of a tax found to
20 19 have been erroneously or illegally paid, with all interest,
20 20 fees, and costs actually paid. A refund shall not be ordered
20 21 or made unless a claim for refund is presented to the board
20 22 within two years of the date the tax was due, or if appealed
20 23 to the board of review, the property assessment appeal board,
20 24 the state board of tax review, or district court, within two
20 25 years of the final decision.

20 26 Sec. 18. RETROACTIVE APPLICABILITY. The sections of this
20 27 Act amending section 441.21, subsections 4 and 5, and enacting
20 28 section 441.21, subsection 5A, apply retroactively to January
20 29 1, 2005, for assessment years beginning on or after that date.

EXPLANATION

20 30

20 31 This bill makes changes relating to assessment of property
20 32 for purposes of property taxation and to funding of essential
20 33 services by cities and counties.

20 34 The bill requires a county or city whose property tax
20 35 capacity or other revenue capacity is reduced to first reduce
21 1 funding for services that are not essential services. If
21 2 funding for essential services is also reduced, the county or
21 3 city shall include on the published proposed budget summary
21 4 the listing of essential services for which funding has been
21 5 reduced and a statement informing persons that state law
21 6 requires that when revenue capacity is reduced funding for
21 7 nonessential services is to be reduced before funding for
21 8 essential services is reduced. The bill defines "essential
21 9 services".

21 10 The bill creates a statewide property assessment appeal
21 11 board to hear appeals from action taken by local boards of
21 12 review effective for the assessment year beginning January 1,
21 13 2007. However, an aggrieved taxpayer or property owner may
21 14 bypass the statewide property assessment appeal board and
21 15 appeal a decision of the local board of review directly to
21 16 district court. The bill provides that the property
21 17 assessment appeal board is created within the department of
21 18 revenue. A decision of the property assessment appeal board
21 19 may be appealed to district court.

21 20 The bill requires local assessors, when assessing property,
21 21 to use the forms and apply the guidelines contained in the
21 22 real property appraisal manual prepared by the department of
21 23 revenue. If the department determines that an assessor, when
21 24 assessing property, is willfully disregarding rules, forms,
21 25 and guidelines of the department, the department shall take
21 26 steps to withhold the county's or city's homestead property
21 27 tax credit reimbursement by the state until the assessor
21 28 complies with the rules, forms, and guidelines.

21 29 The bill ties together the assessment limitations of
21 30 residential, agricultural, commercial, and industrial property
21 31 by limiting the percentage increase in all of those classes of
21 32 property to the percentage increase of that class of property
21 33 that is the lowest percentage increase under the allowable (4
21 34 percent) limit. This portion of the bill applies
21 35 retroactively to January 1, 2005, for assessment years
22 1 beginning on or after that date.

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22 3 sc:rj/cf/24